Office - Supreme Court, U.S.
FILED
OCT 21 1982
ALEXANDER L. STEVAS,
CLERK

82 No. 699

IN THE

Supreme Court of the United States

OCTOBER TERM, 1982

CHAMPION PRODUCTS INC.,

Petitioner,

—v.—

UNIVERSITY OF PITTSBURGH,

Respondent.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT

PAUL J. WEINER
BREED, ABBOTT & MORGAN
Citicorp Center
153 East 53rd Street
New York, New York 10022
(212) 888-0800

Counsel for the Petitioner, Champion Products Inc.

ADRIAN V. WHITE
CHARLES R. FRASER

Of Counsel

WILLIAM H. HAUSER
ANDERSON, MORELAND & BUSH
26th Floor, Centre City Tower
Pittsburgh, Pennsylvania 15222
(412) 471-3002

Of Counsel

Question Presented For Review

1. Did the District Court abuse its discretion by dismissing plaintiff University of Pittsburgh's (hereinafter "Pittsburgh") complaint on grounds of laches where

(a) it was undisputed that Pittsburgh had waited 45 years to bring its claim for injunctive relief and had done nothing for 44 years to inform defendant Champion Products Inc. (hereinafter "Champion") of the existence of its claim,

(b) Pittsburgh's excuse for this 45-year delay was found by the District Judge to be "inconceivable" as a matter of fact;

(c) the question of laches turned primarily on oral testimony, and the District Court expressly found Champion's principal witness to be credible and Pittsburgh's factual position to be "inconceivable"; and

(d) during Pittsburgh's 45 years of inaction, Champion had built up a $100 million a year business out of nothing.[1]

---

1 The only parties to this proceeding are the Petitioner, Champion Products Inc., and the Respondent, University of Pittsburgh. Pursuant to Rule 28.1 of this Court, this certifies that Champion does not have any parent company, subsidiary other than wholly-owned subsidiaries, or affiliates.

TABLE OF CONTENTS

	PAGE
Questions Presented For Review	i
Table of Authorities	v
Opinions Below	1
Grounds of This Court's Jurisdiction	2
Relevant Statute	2
Statement of the Case	2
Statement of Facts	3
Argument	5
I. THE DISTRICT COURT PROPERLY EXERCISED ITS DISCRETION BY DISMISSING PITTSBURGH'S 45-YEAR OLD CLAIM	5
A. By Overturning the District Judge's Exercise of Discretion Where that Discretion Had Not Been Abused, the Court of Appeals Disregarded this Court's Holding in *National Hockey League*	5
B. The Court of Appeals' Reinstatement of Pittsburgh's 45-Year-Old Claim Was Not Simply Wrong as a Matter of Law, but Aberrational.	7
C. The Court of Appeals Improperly Ignored the Record and the District Court's Findings of Fact	9
D. As Even the Court of Appeals Recognized, Pittsburgh's 45 Years of Delay Created a Presumption of Prejudice Sufficient to Sustain the Defense of Laches	14
E. In Any Event, Champion Amply Proved Prejudice	20

PAGE

1. Champion built its business from nothing to a major corporation during the 44 years of Pittsburgh's silence..... 24

2. Champion "created, developed and expanded" and still leads an entire industry that would not exist at all largely but for Champion's efforts..... 26

3. Pittsburgh's conduct constituted not only inaction and delay, but estoppel, consent and affirmative encouragement of Champion's activity..... 28

CONCLUSION..... 30

APPENDIX

Opinion of the United States Court of Appeals For the Third Circuit..... 1a

Findings of Fact and Conclusions of Law of Cohill, *D.J.* of the United States District Court, W.D. Pennsylvania..... 18a

Order of Cohill, *D.J.* Entering Judgment in Favor of Defendant..... 27a

Order of Cohill, *D.J.* Denying Motion by Plaintiff to Make Additional findings of Fact and to Amend Order..... 29a

Order of Van Dusen, *C.J.* Staying Judgment..... 31a

Judgment of the Third Circuit..... 32a

Order of the Third Circuit Denying Petition for Rehearing..... 34a

TABLE OF AUTHORITIES

Cases	PAGE
Anheuser-Busch, Inc. v. DuBois Brewing Co., 175 F.2d 370 (3d Cir. 1949), *cert. denied*, 339 U.S. 934 (1950)	14, 15, 16, 17
Borg-Warner Corp. v. York-Shipley, Inc., 127 U.S.P.Q. 42 (N.D.Ill. 1960), *mod. other grounds*, 293 F.2d 88 (7th cir.), *cert. denied*, 368 U.S. 939 (1961)	29
Burke v. Gateway Clipper, Inc., 441 F.2d 946 (3d Cir. 1971)	20
California Western School of Law v. California Western University, 178 Cal. Rptr. 685, 125 Cal. App. 3d 1002 (4th Dist. 1981)	20
Carter-Wallace, Inc. v. Proctor & Gamble Co., 434 F.2d 794 (9th Cir. 1970)	24
Creswill v. Knights of Pythias, 225 U.S. 246 (1912)	11, 16, 20
Czaplicki v. The Hoegh Silvercloud, 351 U.S. 525 (1956)	6
Dwinell-Wright Co. v. White House Milk Co., 132 F.2d 822 (2d Cir. 1943)	24
Dyer v. MacDougal, 201 F.2d 265 (2d Cir. 1952)	21
Elmendorf v. Taylor, 23 U.S. 67 (1825)	16
Gardner v. Panama Railroad Co., 342 U.S. 29 (1951)	6
General Elecric Company v. Sciaky Bros., Inc., 304 F.2d 724 (6th Cir. 1962)	20
Gillons v. Shell Co. of California, 86 F.2d 600 (9th Cir. 1936), *cert. denied*, 302 U.S. 689 (1937)	18, 19, 21
Gruca v. United States Steel Corp., 495 F.2d 1252 (3d Cir. 1974)	11, 20
Inwood Laboratories Inc. v. Ives Laboratories Inc., ___ U.S. ___, 102 S. Ct. 2182 (1982)	5

PAGE

Maxwell v. Kennedy, 49 U.S. 210 (1850)..... 16

McGrath v. Panama Railroad Co., 298 F. 303 (5th Cir. 1924)..... 21

McLean v. Fleming, 96 U.S. 245 (1878)..... 17

Menendez v. Holt, 128 U.S. 514 (1888).....15-17, 20

National Hockey League v. Metropolitan Hockey Club, Inc., 427 U.S. 639 (1976) 5, 6, 7

Polaroid Corp. v. Polarad Electronics Corp., 287 F.2d 492 (2d Cir.), *cert. denied*, 368 U.S. 820 (1961).....19, 24

Prince's Metallic Paint Co. v. Prince Mfg. Co., 57 F. 938 (3d Cir. 1893)..... 19

Russell v. Todd, 309 U.S. 280 (1940)..... 16

Safeway Stores, Inc. v. Safeway Quality Foods, Inc., 433 F.2d 99 (7th Cir. 1970) 20

Saxlehner v. Eisner & Mendelson Co., 179 U.S. 19 (1900).....15, 16, 20

Smith v. Sinclair Refining Co., 257 F.2d 328 (2d Cir. 1958)..... 24

Tracerlab, Inc. v. Industrial Nucleonics Corp., 204 F. Supp. 101 (D. Mass. 1962), *rev'd other grounds*, 313 F.2d 97 (1st Cir. 1963) 24

United States Fidelity and Guaranty Co. v. Black, 412 Mich. 99, 313 N.W. 2d 77 (1981)..... 25

Wagner v. Baird, 48 U.S. 233 (1849)..... 16

Wennerholm v. Stanford University School of Medicine, 20 Cal. 2d 713, 128 P.2d 522 (1942)..... 25

Whitman v. Walt Disney Productions, Inc., 263 F.2d 229 (9th Cir. 1958)..... 19

Window Glass Machine Co. v. Pittsburgh Plate Glass Co., 284 F. 645 (3d Cir. 1922), *cert. denied*, 261 U.S. 623 (1923)..... 19

PAGE

Rules and Statutes

Fed. R. App. P. 41(b) 3

Supreme Court Rule 23.1 7

28.1 i

15 U.S.C. § 1125(a) 2, 3

28 U.S.C. § 1254(1) 2

§ 1331 3

§ 1332 3

§ 1338 3

§ 1441(b) 3

Books

4 R. Callman, *The Law of Unfair Competition, Trademarks and Monopolies* (3d ed. 1970) 29

IN THE

Supreme Court of the United States

OCTOBER TERM, 1982

CHAMPION PRODUCTS INC.,

Petitioner,

—v.—

UNIVERSITY OF PITTSBURGH,

Respondent.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT

Opinions Below

The opinion of the District Court is reported as *University of Pittsburgh v. Champion Products Inc.*, 529 F. Supp. 464 (W.D.Pa. 1982)(hereinafter "529 F. Supp. at ____") reproduced in the Appendix hereto, pp. 18a-26a. (Citations to the District Court opinion include paragraph numbers, for reference to the opinion as printed in the Appendix.) The opinion of the Court of Appeals was printed as slip opinion number 82-5081, filed August 12, 1982 (hereinafter "Slip Op.") reproduced in the Appendix, pp. 1a-17a. (Citations herein to "Slip Op." are accompanied by parallel citations to the Appendix as "App. at p.__".) The opinion of the Court of Appeals has not yet been reported.

Grounds of This Court's Jurisdiction

Champion seeks to review a judgment of the Court of Appeals for the Third Circuit dated and entered on August 12, 1982. Champion duly petitioned for rehearing, with suggestion of rehearing in banc, on August 26, 1982. This petition was denied in all respects by order dated and entered September 14, 1982. This Court has jurisdiction to review this case by writ of certiorari pursuant to 28 U.S.C. § 1254 (1).

Relevant Statute

This case involves § 43(a) of the Lanham Trademark Act, 15 U.S.C. § 1125(a), which provides:

> "Any person who shall affix, or annex, or use in connection with any goods or services, or any container or containers for goods, a false designation of origin, or any false description or representation, including words or other symbols tending falsely to describe or represent the same, and shall cause such goods or services to enter into commerce, and any person who shall with knowledge of the falsity of such designation of origin or description or representation cause or procure the same to be transported or used in commerce or deliver the same to any carrier to be transported or used, shall be liable to a civil action by any person doing business in the locality falsely indicated as that of origin or in the region in which said locality is situated, or by any person who believes that he is or is likely to be damaged by the use of any such false description or representation."

Statement of the Case

This is an action for unfair competition under § 43(a) of the Lanham Trademark Act, 15 U.S.C. § 1125(a). It also asserts

pendent claims under the laws of the State of Pennsylvania.[2] Pittsburgh seeks both injunctive relief and an accounting. After expedited full trial, the United States District Court for the Western District of Pennsylvania, Maurice B. Cohill, J., dismissed Pittsburgh's complaint on grounds of laches.[3] On appeal, the United States Court of Appeals for the Third Circuit reversed the District Court insofar as it had held that Pittsburgh's claims for prospective injunctive relief were barred by laches, and otherwise affirmed the judgment of the District Court.

On September 14, 1982, rehearing and rehearing in banc were denied. On September 24, 1982, the Court of Appeals stayed its mandate pursuant to Rule 41(b), Federal Rules of Appellate Procedure, pending the determination of the petition by this Court.

Statement of Facts

In or about 1933 or 1934, Champion developed and subsequently patented a special process known as "flocking" which, for the first time, made it commercially feasible and economical to manufacture soft goods (sports and leisure wear, including tee-shirts, sweat shirts, jackets, polo shirts and shorts) bearing school and college insignia on a mass scale.

---

2 It is common ground that Pittsburgh's alleged state claims stand or fall on the same factual grounds as the Lanham Trademark Act claim. Slip Op. at 8 (App. at p. 7a);529 F. Supp. at 469, ¶ 4.

3 This action was removed on December 3, 1981 from the Court of Common Pleas of Allegheny County, Pennsylvania. The jurisdiction of the District Court was based on the removal statute, 28 U.S.C. § 1441(b) and on 28 U.S.C. § 1331, in that the action was founded on a claim arising out of the laws of the United States; on 28 U.S.C. § 1338, in that the claim arose out of the Lanham Act, 15 U.S.C. § 1125(a), relating to trademarks; and alternatively, on 28 U.S.C. § 1332, there being complete diversity of citizenship among the parties. The amount in controversy exceeds $10,000 exclusive of interest or costs.

In or about 1936, Champion began manufacturing, offering for sale and selling soft goods bearing certain words and designs to which Pittsburgh now claims exclusive rights (the "Pittsburgh insignia").

From 1936 to the present, Champion has sold soft goods bearing the Pittsburgh insignia continuously and in substantial quantities, with two minor interruptions. Beginning in or about 1936, and continuously in each year at least since 1946, Champion sold Pittsburgh insignia soft goods to persons not associated with Pittsburgh.

In particular, since in or about 1946, Champion has sold Pittsburgh insignia soft goods to Shea's Sporting Goods, a retail store located approximately a block from the center of the Pittsburgh campus but not affiliated with Pittsburgh. Shea, in turn, marketed these goods to the general public.

It is undisputed that during this entire period from 1936 up to December, 1980, Pittsburgh did absolutely nothing to give Champion notice that it claimed any right to prevent Champion from using the Pittsburgh insignia. It is also undisputed that Pittsburgh did not bring suit of any kind until December, 1981—a full 45 years after its alleged claim accrued.

At trial, Pittsburgh claimed that it had not taken any action for these 44 years because it had been unaware that Champion was selling Pittsburgh insignia soft goods to third parties at any time during that period. The District Court found this proffered excuse to be "inconceivable," as a matter of fact, for several reasons:

1. From 1960 through 1970, when Pittsburgh ceased selling such Pittsburgh insignia soft goods at its own book store in the City of Pittsburgh, such goods continued to be very much in evidence on the Pittsburgh campus. Thus, Pittsburgh could not have been unaware that such goods were being sold by third parties.

2. Also, from approximately 1960 on, the Pittsburgh campus newspaper carried prominent advertisements for Pittsburgh insignia soft goods by parties unaffiliated with Pittsburgh.

3. At least since 1946, Pittsburgh insignia soft goods were prominently displayed for sale on the shelves and in the windows of merchants in the City of Pittsburgh unaffiliated with Pittsburgh.

4. From 1950 to the present, Champion distributed printed catalogs to Pittsburgh and to university book stores and non-university affiliated stores throughout the country, displaying Pittsburgh insignia soft goods.

Argument

I

THE DISTRICT COURT PROPERLY EXERCISED ITS DISCRETION BY DISMISSING PITTSBURGH'S 45-YEAR OLD CLAIM

A. By Overturning the District Judge's Exercise of Dis cretion Where that Discretion Had Not Been Abused, the Court of Appeals Disregarded this Court's Holding in *National Hockey League*

In *National Hockey League v. Metropolitan Hockey Club, Inc.*, 427 U.S. 639 (1976), this Court squarely held that in a case where dismissal of an action rests within the District Judge's discretion, the Court of Appeals' scope of review is limited to two functions: First, the Court of Appeals determines whether or not the District Judge's findings of "historical facts" are clearly erroneous. 427 U.S. at 641. *Accord, Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, ___ U.S. ___, 102 S.Ct. 2182 (1982). Second, the Court of Appeals determines whether or not, given those historical facts, the order of dismissal was within the District Judge's discretion. 427 U.S. at 643. If the findings of historical facts are not clearly erroneous, and if the ultimate act of dismissal is not so far out of line as to amount to an abuse of discretion, the judgment of the District Court must be affirmed, whatever other thoughts, opinions or beliefs the Court of Appeals judges may hold on the matter. As this Court emphatically held in *National Hockey League*:

> "The question, of course, is not whether this Court, or whether the Court of Appeals, would as an original matter have dismissed the action; it is whether the District Court abused its discretion in so doing." 427 U.S. at 642.

The action of the Court of Appeals in this case was a blatant violation of the direct holding of *National Hockey League*. It is well settled that the dismissal of an equitable action on grounds of laches is a question committed to the sound discretion of the district court. *See, e.g., Czaplicki v. The Hoegh Silvercloud*, 351 U.S. 525, 534 (1956); *Gardner v. Panama Railroad Co.*, 342 U.S. 29, 30 (1951). The District Judge here made extensive findings of historical fact, based primarily on his careful evaluation of oral testimony. Here, as in *National Hockey League*, the Court of Appeals did not question any of the findings of historical fact which had been made by the District Court. 427 U.S. at 641. And here, as in *National Hockey League*, the Court of Appeals concluded by holding that the District Court should have applied a lesser sanction than outright dismissal, ignoring the fact that the choice of an appropriate sanction is within the discretion of the District Judge, not that of the Court of Appeals. Here, as in *National Hockey League*, the only justification given by the Court of Appeals was a vague statement of "insufficient evidence", 427 U.S. at 641. *See* Slip Op. at 12, n.19 (App. at p. 12a) ("we conclude as a matter of law that the evidence in this record does not support a finding of prejudice sufficient to support the laches determination").

How did the Court of Appeals for the Third Circuit manage to ignore a decision handed down by this Court on appeal from its own bench a mere six years ago? On page 10 of this opinion the Court of Appeals stated: "Finally, we note again that laches is an equitable doctrine addressed to the sound discretion of the district judge, whose determination we will not disturb absent an abuse of that discretion." Immediately thereafter, the Court stated that "it cannot be said on these facts that the District Court abused its discretion in barring Pitt's claim for an accounting for past infringement." But the

Court of Appeals, in its 19 pages and 24 footnotes of opinion, inexplicably refused to face the one remaining issue: Was the District Court's dismissal of Pittsburgh's claim for injunctive relief an abuse of discretion, or was it not?

B. The Court of Appeals' Reinstatement of Pittsburgh's 45-Year-Old Claim Was Not Simply Wrong as a Matter of Law, but Aberrational

The Court of Appeals' order in this case was made in direct disregard of a recent and controlling holding of this Court. But the Court of Appeals' holding is not merely wrong; it is so aberrational that it merits review and reversal by this Court.[4]

First, the Court of Appeals' gave its stamp of approval to a degree of unexcused delay—45 years—which has seldom been attempted by any litigant in any court, and to the best of counsel's knowledge, never countenanced by any court anywhere before. If the filing of a claim for injunctive relief which accrued in 1936 in the waning days of 1981 does not strike the Court of Appeals as "outrageous" delay, one can only wonder what would.

Second, the Court of Appeals simply ignored the one factor which, exercising his discretion as chancellor, the District Judge deemed most important: the relative credibility of the two parties, as they appeared to the District Judge in open court. The District Judge expressly found Champion's principal witness to be credible. Pittsburgh, on the other hand, brazenly persisted in adhering to a factual position which the District Judge found to be "inconceivable": that Pittsburgh had been unaware of Champion's sales of Pittsburgh insignia soft goods to third parties from 1936 until 1980. The Court of Appeals agreed that the evidence was "more than sufficient" for the District Court to find that Pittsburgh's claimed excuse for delay was "inconceivable", but it failed to give this factor any weight.

---

4 It is respectfully suggested that this case, like *National Hockey League*, may be appropriate for summary disposition on the merits pursuant to Rule 23.1.

Third, the gravamen of the Court of Appeals' decision, stripped of its embellishments, was not that Champion had not been prejudiced by Pittsburgh's delay, but rather that Champion, although prejudiced, is so large a corporation that it would not be put out of business by an adverse decision in this action. Until this decision, no one had ever suggested that judgment could be entered against a defendant solely because it was big enough or solvent enough to absorb the judgment. Yet this is exactly what the Third Circuit has done.

Fourth, the Court of Appeals inappropriately confused consideration of the merits of Pittsburgh's purported claims with its review of the District Court's findings of laches. As the Court of Appeals correctly noted, it is quite likely that Pittsburgh has no claim at all, as a matter of law, irrespective of the defense of laches. Thus, the Court of Appeals notes that Pittsburgh has not presented a "classic trademark or unfair competition case" or established the elements of its claim "in the traditional sense." Slip Op. at 13-14 (App. at p. 12a). Yet the Court of Appeals refuses to tell the parties, the District Judge, or this Court just how this case differs from the "traditional" trademark case; such an explanation, it said, would amount to "delv[ing] into this fray." Slip Op. at 16 (App. at p. 15a).

If the Court of Appeals did "delve into this fray" it would have to conclude that Pittsburgh either did or did not have a claim as a matter of law. But the existence of the claim and the timeliness of it are distinct and independent issues; they are simply alternative grounds for dismissal of Pittsburgh's claim.

What is particularly disturbing about the holding of the Court of Appeals is its implicit reasoning that if a plaintiff's claim for injunctive relief presents a novel or interesting question of law to the appellate bench, the plaintiff need not satisfy the usual requirements of equity. Yet two hundred years of federal jurisprudence make clear that federal judges have neither the duty nor the power to decide even the most exciting, novel, interesting and momentous questions of federal law, unless properly presented in a case or controversy according to the rules and traditions of equity.

C. The Court of Appeals Improperly Ignored the Record and the District Court's Findings of Fact

The District Court unequivocally found that Champion began manufacturing and selling Pittsburgh insignia goods "[i]n or about 1936," 529 F. Supp. at 467, ¶¶ 13-15, and that it is "inconceivable" that Pittsburgh did not know of Champion's activities. *Id.* at 468, ¶ 21. In fact, the District Court found that from 1936 to 1960, and after about 1970, Pittsburgh was among Champion's customers. *Id.* at 467, ¶¶ 15, 18. The Court of Appeals nowhere suggested, nor could it suggest, that these explicit findings were without substantial evidentiary support. The District Court found that Pittsburgh's first objection to Champion's activities occurred in December, 1980, *Id.* at 468, ¶ 20, and the Court of Appeals did not disagree. *See* Slip Op. at 6 (App. at pp. 5a-6a).

Thus the Court of Appeals did not challenge the District Court's finding that Pittsburgh knew of Champion's activities, but did not object to them, for 44 years. Instead, the Court of Appeals offered an excuse for Pittsburgh's incredible delay:[5] Pittsburgh, the Court speculated, knew only of Pittsburgh-area sales by Champion before 1977; and such local sales were viewed by Pittsburgh as "*de minimus*," the court concluded, and thus preclude an accounting but not an injunction. Slip Op. at 11 (App. at p. 10a). These purported statements of fact are not independent—both must be true to excuse Pittsburgh's 44-year delay.

As to the first, the Court of Appeals said that "the district court did not find that Pitt officials had any knowledge of the existence or volume of sales outside of the Pittsburgh area before the 1977 Sugar Bowl game." Following that sentence, the court noted that

> "Champion presented testimony on this point, but the Court made no findings. The gist of Champion's argument is that Pitt-marked goods were advertised in catalogs distributed nationwide so that Pitt, whose bookstore

5 Delay, it is conceded by all, must be "unexcused" to invoke laches.

> received the catalog, was on notice of the scope of Champion's sales." Slip Op. at 11, n.17 (App. at p. 10a).

In light of the District Court's findings, this statement is simply inexplicable. First, squarely under the heading "Knowledge of Pitt," the District Court found that:

> "From 1950 to the present, Champion has printed catalogs which portrayed the full line of Champion products, including goods with the Pitt insignia. These catalogs were sent to the campus book store, as well as to university book stores and non-university affiliated stores across the country." 529 F. Supp. at 468, ¶ 23.

In addition, the court found at ¶ 34 that:

> "Champion has marketed its goods at trade shows sponsored by the National Association College Stores, which the Director of Pitt's book store attended."

Taking these explicit findings, as well as all other evidence (including demeanor evidence) before it, the trial court found it "inconceivable" that Pittsburgh did not know of Champion's activities. *Id.*, ¶ 21.

As to the second fact necessary to excuse Pittsburgh's 44-year delay, the Court of Appeals asserted that:

> "Pitt could well have felt that, so long as sales were largely confined to the Pittsburgh area, it would be likely that the university would become aware of quality problems or objectionable uses in due course and that the costs of litigation and damage to its ongoing business relationship with Champion made the volume of the infringement involved *de minimus*." Slip Op. at 11 (App. at p. 10a).

This purported fact is not supported by any of the District Court's findings, nor by any evidence in the record. Indeed, the "could well have" formulation reveals that the Court of Appeals

> "made no reference to the evidence, but . . . indulged in the assumption that it was natural to suppose that the long-continued existence and development of the defendant order had not been interfered with by the complainant corporation because not known until the defendants came into the open by making an application to be made a domestic corporation of Georgia. The facts, however, . . . were not disputed in any particular . . . ." *Creswill v. Knights of Pythias*, 225 U.S. 246, 262 (1912).[6]

As in *Creswill*, the evidence here is undisputed: testimony from both sides showed that Pittsburgh made no effort to stop Champion's activities because until about 1977 Pittsburgh did not consider that it had any right to stop Champion's activities. The idea to apply for trademark registration of the Pittsburgh insignia on soft goods, for instance, did not occur to Pittsburgh until 1977 or after. Slip Op. at 6 (App. at p. 5a); 529 F. Supp. at 466, ¶ 7. The Court of Appeals' supplying a speculative excuse for Pittsburgh's remarkable delay is especially egregious because it was Pittsburgh's burden to prove an excuse for its 44-year inaction. *Gruca v. United States Steel Corp.*, 495 F.2d 1252, 1259 (3d Cir. 1974). *See* Slip Op. at 13, n.19 (App. at p. 12a).

But wholly aside from the plain factual fallacy of the Court of Appeals' excuse for the 44-year delay, the excuse offered is inadequate as a matter of law. The Court of Appeals' assumption, that "Pitt could well have felt . . . the university would become aware of quality problems . . . and that the . . . damage to its ongoing business relationship with Champion outweighed the benefits," entirely misconceives the central purpose of trademark law. A trademark is to serve as a designation of its user as a product's source, origin, or sponsorship, and is protected and protectable against use by others—all use, not merely use on poor quality or distasteful

---

6 *Creswill* is a case remarkably like the present one. There, the plaintiff was shown to have delayed 26 years while the defendant's non-fraudulent activities continued. It is submitted, pp. 16-17, 20, *infra*, that *Creswill* controls this case.

goods. Pittsburgh's rights, if any, were to prevent use of the Pittsburgh insignia at all. If the quality of the allegedly infringing use were the controlling fact, Pittsburgh would have no case at all.[7] Thus the beginning of Champion's "adverse" use, for laches purposes, has nothing to do with Pittsburgh's supposed belief that it would detect poor quality goods. Quality control of licensees' products is indeed a necessary element of protecting one's trademark rights. But to protect those rights, one must assure quality control in advance, by licensing contract revocable by the licensor upon lapse in quality by the licensee.[8] An infringement is not less so because it is of high quality.

Similarly irrelevant is the supposition that Pittsburgh felt the costs of suing outweighed the benefits. Even were this the case, it amounts to no more than a calculation that the costs to Pittsburgh of keeping its rights outweighed the costs of losing them. If Pittsburgh's failure for 45 years to assert the rights it now claims was based on a business analysis of costs and benefits, then it must be that among the costs of its decision was the loss of the rights it valued so little for 45 years. Even if the supposed expense of litigation were a legally cognizable excuse for endless delay, that would not explain why Pittsburgh

---

7 The District Court found at some length that Champion's reputation and good will are exceptional, as is the quality of its products. *See especially,* 529 F. Supp. at 468, ¶¶ 26, 28, 30.

8 The Court of Appeals asserts its statement of facts that

> "Pitt maintains that Shea's had an informal license agreement with the University to sell insignia goods to campus organizations but that Pitt had no knowledge of and never approved any other distribution of Pitt insignia goods." Slip Op. at 5 (App. at p. 4a).

In fact, Pittsburgh has never so maintained, the record is devoid of evidence to that effect and the District Court clearly found to the contrary. The District Court plainly found that Champion sold Pittsburgh insignia goods in and around Pittsburgh, to customers including but not limited to Shea's and Pittsburgh itself, continuously from 1936, 529 F. Supp. at 467, ¶¶ 13-15; and that Shea's continuously sold to the public at large. *Id.*, ¶ 17. Pittsburgh knew of such sales. *Id.* at 468, ¶¶ 21, 22. None of these findings was overturned by the Court of Appeals.

delayed 44 years even to give Champion notice of its alleged rights.

Finally, the Court of Appeals sought to alleviate the impact of Pittsburgh's 45-year delay by asserting that:

> ". . . the character and scope of the alleged infringement changed substantially over the years from a modest program of sales to students and local adherents of the university to a program of national sales aimed at servicing and capitalizing upon Pitt's emergence as a national football power." Slip Op. at 12 (App. at pp. 10a-11a).

Later, the court asserted that "[t]he mid-1970s marked a period of dramatic success and increased national exposure for the Pitt football team," with a footnote about the hiring of coach Johnny Majors and his strategy. *Id.* at 5, n.8 (App. at p. 5a).

The Court of Appeals' analysis rests on the assumption that Pittsburgh was never a nationally preeminent football power before the mid-1970s. This is indisputably not the case: according to an exhibit (PX 54) introduced at trial by Pittsburgh, the Pittsburgh football team won three national championships before 1929, plus five in 1929, 1931, 1934, 1936 and 1937. The team played in the 1937 Rose Bowl, the 1955 Sugar Bowl, and the 1956 Gator Bowl. In 1963, the team ranked third in the country. Clearly, the steady expansion of Champion's sales from 1936 to 1980 was due to increasing popularity of insignia soft goods (largely due in turn to Champion's efforts), and not to any rise in Pittsburgh's football prowess.[9] Because Champion for 44 years exercised aggressive entrepreneurial efforts, constantly seeking new markets and new customers; and because it was those efforts and not Pittsburgh's that account for Champion's expansion from the pioneer in insignia goods to

---

9 In fact, it is the insignia soft goods industry as a whole that has grown, largely due to Champion's pioneering efforts. 529 F. Supp. at 468, ¶ 25.

the leader in a now vast field, the circumstances of the 1977 Sugar Bowl is entirely irrelevant.

It is plain, as the District Court found, that Pittsburgh was aware of Champion's sales from 1936, that Pittsburgh was aware at least from 1950 that Champion's marketing and sales were nationwide, and that despite such knowledge, Pittsburgh inexcusably failed to assert its alleged rights until 1980. The length of Pittsburgh's inexcusable delay was, without doubt, 44 years.

D. As Even the Court of Appeals Recognized, Pittsburgh's 45 Years of Delay Created a Presumption of Prejudice Sufficient to Sustain the Defense of Laches

There appears to be no reported case in which a plaintiff was able to enjoin activities it had known of for 45 years. Indeed, the Court of Appeals for the Third Circuit, referring to a delay of 31 years,[10] once said "we have found no case in which injunctive relief was granted after an inexcusable delay for a comparable period of time." *Anheuser-Busch, Inc. v. DuBois Brewing Co.*, 175 F.2d 370, 374 (3d Cir. 1949), *cert. denied*, 339 U.S. 934 (1950). Obviously, given a non-fraudulent use as in *Anheuser-Busch*,[11] and given an inexcusable delay thirteen years longer than that in *Anheuser-Busch*, the rationale and result of *Anheuser-Busch* must apply *a fortiori* in this case.[12]

Of course, a Court of Appeals is free to reverse its own decisions. But other circuits have established standards for

---

10 Although the Court of Appeals in this case referred to the delay in *Anheuser-Busch* as one of 40 years, Slip Op. at 12 (App. at p. 10a), the *Anheuser-Busch* panel plainly considered that the subject delay was the 31 years from 1909 to 1940. *See Anheuser-Busch*, *supra*, 175 F.2d at 374.

11 The Court of Appeals and the District Court properly dismissed Pittsburgh's allegations of fraud. Slip Op. at 9, n.15 (App. at p. 8a); 529 F. Supp. at 468-9, ¶¶ 28-35.

12 In *Anheuser-Busch*, the court did not merely affirm a lower court's exercise of discretion in denying an injunction, but instead actually reversed granting of an injunction. If the grant of an injunction was an abuse of equity under those circumstances, it is more so here.

laches at odds with the instant decision. More important, the result and rationale of *Anheuser-Busch* were compelled by decisions of this Court which remain valid.

The Court of Appeals relied on *Menendez v. Holt*, 128 U.S. 514 (1888), for the proposition that

> "[w]here consent by the owner is to be inferred from his knowledge and silence merely, 'it lasts no longer than the silence from which it springs; it is, in reality, no more than a revocable license.' 128 U.S. at 524 (citing cases)." Slip Op. at 9 (App. at p. 8a).

It is inexplicable that the Court would quote so blindly out of context in the same breath as it quite properly held that Pittsburgh quoted *Menendez* out of context. *See id.*, n.15. *Menendez* involved a fraudulent infringer—one who uses another's mark intending to induce the public to buy the imitator's product in the belief that it is the original. *See Menendez, supra*, 128 U.S. at 524-25. The Court of Appeals properly rejected Pitsburgh's heavy reliance on the shorthand definition of fraud as taken "out of context," Slip Op. at 9, n.15 (App. at p. 8a), but entirely forgot that its own quotation of *Menendez* regarding acquiescence was in the context of a fraudulent infringement. There is no fraudulent infringement here. 529 F. Supp. at 468-9, ¶¶ 28-35; Slip Op. at 9, n.15 (App. at p. 8a).

That the rationale of *Menendez* was limited to cases of fraud was plainly demonstrated in later Supreme Court cases. In *Saxlehner v. Eisner & Mendelson Co.*, 179 U.S. 19 (1900), the defendant used a product name, and a bottle and label design similar to that used first by the plaintiff. The name was used for twenty years by defendant without intention to deceive the public, but the bottle design and label design were copied, for ten years, with the intent to deceive the public. The defense of laches was based on the plaintiff's "knowledge and silence merely."[13] In a discussion of the *Menendez* rule, this Court held

---

13 In fact, *Saxlehner* clearly shows that a plaintiff is charged not only with what he does know, but what he reasonably should know. There,

that silence without more for twenty years[14] barred an injunction against use of the name (which was non-fraudulent), but that silence without more for ten years would not bar an injunction against use of the bottle design and label design, because such use was fraudulent. *Saxlehner, supra*, 179 U.S. at 38-40. This Court could not have been plainer that the rule of *Menendez* and the results in *Saxlehner* turned on the existence, or not, of fraud. 179 U.S. at 39.

By the time of the decision in *Creswill v. Knights of Pythias*, 225 U.S. 246 (1912), this Court did not even find it necessary to cite *Menendez*. In *Creswill*, the plaintiff was silent while the defendant's non-fraudulent use continued for 26 years. This Court's decision was reached without any discussion of prejudice to the defendant by the long delay; it was, in other words, a case of "knowledge and silence merely."[15] Slip Op. at 9 (App. at p. 8a), quoting *Menendez*.

---

since the Hungarian plaintiff sold his product (Hungarian bitter water) in the United States, "he should have instituted inquiries" to determine whether and to what extent his competitors were doing so. *Saxlehner, supra*, 179 U.S. at 36. The same could be said for the period of Pittsburgh's claims of ignorance of Champion's activities.

14 The significance of the twenty-year delay is well-rooted in traditional equity. Chief Justice Taney held that "[a] delay of twenty years is considered an absolute bar in a court of equity, unless it is satisfactorily accounted for." *Maxwell v. Kennedy*, 49 U.S. 210, 220 (1850). His statement that "the creditor who claims its [equity's] aid must show that he has used reasonable diligence to recover his debt," *id.*, places the proper perspective on Pittsburgh's immense delay here. *See also Wagner v. Baird*, 48 U.S. 233, 257-59 (1849) ("Length of time . . . operates by way of presumption in favor of the party in possession.* * * [T]he lapse of time in the present case [i.e., 46 years] is a complete bar to the relief sought"). *See also Elmendorf v. Taylor*, 23 U.S. 67, 76 (1825), cited in *Russell v. Todd*, 309 U.S. 280, 287-88 (1940).

15 *Creswill* (like *Anheuser-Busch*, see footnote 12, p. 14, *supra*) involved a reversal of a lower court's grant of injunction against non-fraudulent use after 26 years of silence as an abuse of equitable discretion.

That was clearly the understanding of the Court of Appeals in *Anheuser-Busch*, *supra*. Faced with the plaintiff's 31-year delay in asserting its claim, the court said that under the rule in *McLean v. Fleming*, 96 U.S. 245 (1878),[16] the plaintiff needed affirmative answers to two questions to obtain an injunction: whether the plaintiff's delay was merely a matter of laches, and whether the defendant's conduct was fraudulent. *Anheuser-Busch*, 175 F.2d at 374. The court found no fraud. *Id.* at 376-77.

In considering the first question, whether the plaintiff was guilty of "mere laches" or of something more, the court assumed *arguendo* that the defendant's use was fraudulent. Nonetheless, the court said that even a fraudulent infringer would not be enjoined after extreme delay, and the court hypothesized a delay of 100 years to prove its point. As to the subject delay of 31 years, the court said, this is "not merely a matter of laches; [the plaintiff] has been grossly remiss." *Id.* at 374. Thus the court squarely rejected the dissenting judge's view of *McLean* and *Menendez*, that "mere lapse of time is not sufficient to constitute laches as precluding an injunction." 175 F.2d at 377. *Anheuser-Busch* stands directly for the proposition that "gross" (as opposed to "mere") lapse of time, such as 31 years, without any showing of prejudice, bars all relief in equity against even fraudulent use.

The Court of Appeals in this case sought to distinguish the decision in *Anheuser-Busch* by referring to the existence in that case of facts creating an estoppel against the plaintiff. Slip Op. at 11-12 (App. at pp. 10a-11a); *see* 175 F.2d at 374-76. However, it is clear in context that the *Anheuser-Busch* court was holding in the alternative two ways that the plaintiff was guilty of something more than "mere" laches. The first alternative was the extremity of the delay, and the second was the estoppel. It is clear from the statement that "moreover, we need not rest our decision upon the time factor alone," that the court intended that the "time factor alone," while sufficient to support the result, was not the only support for that result.

16 *McLean* was the predecessor case to *Menendez*, and was reaffirmed therein.

The rule of *Anheuser-Busch* applies *a fortiori* to this case. If a delay of 31 years, without more, would preclude injunctive relief against even a fraudulent infringer, a delay of 34 years, without more,[17] must preclude Pittsburgh's attempt to enjoin Champion's non-fraudulent use.

As was acknowledged above, the Third Circuit is certainly free to overrule its own precedents. Here, however, that overruling brings it into clear conflict not only with Supreme Court authority, but with the rules of laches as established by a number of other circuit courts of appeals.

The Court of Appeals' opinion in the leading case in the Ninth Circuit begins from the premise that "[e]quity frowns upon stale demands." *Gillons v. Shell Co. of California*, 86 F.2d 600, 609 (9th Cir. 1936), *cert. denied*, 302 U.S. 689 (1937). After tracing the law of laches through English precedents and decisions of this Court, the *Gillons* court quoted this Court's citation of Justice Story on equity:

> "But there is a defense peculiar to courts of equity, founded on lapse of time and the staleness of the claim, where no statute of limitations directly governs the case. In such cases courts of equity often act upon their own inherent doctrine of discouraging, for the peace of society, antiquated demands, by refusing to interfere where there has been gross laches in prosecuting rights, or long acquiescence in the assertion of adverse rights. (2 Story, Eq. § 1520.)" 86 F.2d at 609.

In distinguishing reasonable from unreasonable delay, the *Gillons* court relied on two decisions in the Third Circuit:

> " 'In courts of equity the rule is to withhold relief where there has been unreasonable delay in prosecuting a

---

17 As in *Anheuser-Busch*, the contentions here are in the alternative: Pittsburgh's delay was so egregious as to preclude all relief without anything more, but that if prejudice to Champion need be shown, it was shown, and the District Court so found. *See* Section E, *infra*, pp. 20-30.

> claim. . . . [N]othing can call into activity a court of equity but "conscience, good faith, and reasonable diligence." [Cases cited.]' " 86 F.2d at 610, quoting *Prince's Metallic Paint Co. v. Prince Mfg. Co.*, 57 F. 938, 944 (3d Cir. 1893).
>
> " 'In its [i.e., laches'] application courts recognize the general rule that . . . mere delay, unaccompanied by anything else, will not ordinarily bar a suit *for injunction* against a naked infringer. [Cases cited.] But they also recognize a distinction between mere delay and unreasonable delay. . . .' " 86 F.2d at 610, quoting *Window Glass Machine Co. v. Pittsburgh Plate Glass Co.*, 284 F. 645, 650 (3d Cir. 1922), *cert. denied*, 261 U.S. 623 (1923).

The validity of the rule adopted for the Ninth Circuit in *Gillons* was reaffirmed 23 years later:

> [We affirm that while] "mere delay may not constitute laches but unreasonable or unexplained delay may." *Whitman v. Walt Disney Productions, Inc.*, 263 F.2d 229 (9th Cir. 1958).

The Second Circuit rule is similar. In *Polaroid Corp. v. Polarad Electronics Corp.*, 287 F.2d 492 (2d Cir.), *cert. denied*, 368 U.S. 820 (1961), a non-fraudulent user of a name similar to the plaintiff's was not enjoined because plaintiff had delayed ten years before making any claim against the defendant. Judge Friendly's opinion required no finding of prejudice to the defendant by the delay, nor of detrimental reliance on it.

The *Polaroid* decision has been explained by the California Court of Appeal as turning on the length of plaintiff's delay there:

> "The equities there [in *Polaroid*] weighed heavily in favor of a bar as a result of the very long delay.
>
> "The two-year delay here does not act to bar the action as a matter of law but can be considered as only one of

the equitable considerations." *California Western School of Law v. California Western University*, 178 Cal. Rptr. 685, 687, 125 Cal. App. 3d 1002, 1007 (4th Dist. 1981).

Joining the Second, Ninth, and (until the current decision) the Third Circuits is the Seventh Circuit, which barred a claim for trademark infringement and unfair competition because of plaintiff's silence over 16 years. *Safeway Stores, Inc. v. Safeway Quality Foods, Inc.*, 433 F.2d 99 (7th Cir. 1970). In so holding, the Court of Appeals neither required a showing of prejudice to the defendant nor made a finding of such prejudice.

The Third Circuit Court of Appeals, by overturning its own precedents, has placed itself in conflict with the law of at least three other circuits. But more troublesome, of course, the Court of Appeals ignored the clear authority of this Court's decisions in *Creswill* and *Saxlehner*. Attention to those precedents would have prevented the court's misconstruction of *Menendez v. Holt*.

E. In Any Event, Champion Amply Proved Prejudice

Even if an unexplained and unexcused delay of 45 years were not enough to preclude injunctive relief without a showing of prejudice to Champion caused by that delay, Champion's defense of laches was adequate as a matter of law. In holding otherwise, the Court of Appeals made improper, incorrect, and unsupported assumptions of fact, and ignored generally accepted rules of federal law.

The discussion can begin with the premise that, given a delay by the plaintiff greater than the applicable or analogous statute of limitations, "the burden of proof shifts to the plaintiff to prove the absence of such prejudice to the defendant as would bar all relief." Slip Op. at 9-10 (App. at p. 9a), citing *Gruca v. United States Steel Corp.*, 495 F.2d 1252, 1258-59 (3d Cir. 1974); *Burke v. Gateway Clipper Inc.*, 441 F.2d 946, 949 (3d Cir. 1971). *See General Electric Company v. Sciaky Bros., Inc.*, 304 F.2d 724, 727 (6th Cir. 1962) (delay of "nearly ten

years," which was "unreasonable, inexcusable and unexplained," created a presumption of prejudice to the defendant); *Gillons v. Shell Co. of California*, 86 F.2d 600, 608 (9th Cir. 1936), *cert. denied*, 302 U.S. 689 (1937) (adopting "analogous" statute of limitations of six years to raise presumption of prejudice to the defendant); *McGrath v. Panama Railroad Company*, 298 F. 303 (5th Cir. 1924) (equity adopts legal statute of limitations by analogy).

The presumption of prejudice to Champion raised by Pittsburgh's 45-year delay means that absent any evidence on either side of the issue, Champion would have prevailed. Furthermore, it is established that the party bearing the burden of proof must produce evidence-in-chief, and cannot rely solely on impeachment and cross-examination of the opponent's witnesses. *Dyer v. MacDougal*, 201 F.2d 265, 269 (2d Cir. 1952). Here, Champion presented substantial uncontroverted evidence on prejudice, and Pittsburgh presented none. The District Court thus found, although it could have invoked the presumption alone, that Champion would be prejudiced by Pittsburgh's 45-year old claim:

> "f. Reliance by Champion.
>
> "25. Champion has borne the risk of building the insignia soft goods business. Through the years, Champion's salesmen have called on and tried to enlist drugstores, men's wear stores, variety stores and book stores as outlets for its soft wear.
>
> "26. Champion maintains quality control on the goods that it manufactures and distributes, with respect to both the materials involved and the imprinting process.
>
> "27. Champion has an extensive creative art department for the development of graphics and designs that are used to respond to competitive pressures for new fashipn requirements. Champion artists have developed the designs over the years and are constantly modifying them to meet consumer demands." 529 F. Supp. at 468.

In addition, the court made other findings of fact demonstrating reliance by Champion to its prejudice on Pittsburgh's inaction:

> "12. Champion constantly changes the styles and designs it offers. Champion introduces a new full line and a new spring line every year, and prepares and distributes corresponding catalogs to universities and secondary schools throughout the United States.
>
> "19. Relying on Pitt's cessation of the sale of soft goods at the book store in 1960, Champion, through Mr. Friedland, increased its efforts to find, and was successful in finding, new retailers, not affiliated with Pitt, in the Pittsburgh metropolitan area.
>
> "28. Champion's labels and packaging clearly identify Champion as the source and origin of the goods. Champion's trademarks are well-known and the goodwill connected therewith has been built up over the years of Champion's existence.
>
> "29. For many years Champion's marketing of soft goods containing insignia or other identification of colleges or universities has been presented as a total line.
>
> "30. Champion has built up substantial goodwill in the business of selling soft goods bearing college or university insignia. Champion has a sales force of between 100 and 125 salesmen who serve more than 10,000 accounts.
>
> "37. The impetus for the use and large scale selling of soft goods with Pitt insignia came with the patent of the silk screen process by Champion and the assignment of Mr. Friedland as Champion salesman in the Pittsburgh area." *Id.* at 466, 467, 468, 469.

Only given a holding that each one of those ten findings of fact was clearly erroneous or legally irrelevant,[18] ***and*** a holding that

---

18 The Court of Appeals only recognized three findings of fact as being related to prejudice. Slip Op. at 12-13, n. 19 (App. at pp. 11a-12a). As

Pittsburgh had sustained its burden of demonstrating lack of prejudice, thus rebutting the presumption of prejudice, could the Court of Appeals properly reverse the District Court's finding that prejudicial reliance existed.

It is to be noted that the Court of Appeals provokes suspicion, at least, of failure to hold that Pittsburgh sustained its burden of proving lack of reliance, by its use of such phrases as "[i]t is . . . equally beyond question that," Slip Op. at 14 (App. at p. 13a); "[i]t may be that," *id.*, n.20 (App. at p. 13a); and "Pitt could well have felt that," *id.* at 11 (App. at p. 10a). Each of these speculative introductions is followed by a purported factual statement which is critical to the court's analysis, and which is entirely unsupported by the record—and in fact, is contrary to the record.

Ultimately, Champion's unrebutted showing of prejudice has three elements: *first*, Champion built up a business by investment and entrepreneurial efforts, including the valuable goodwill of the public at large; *second*, aside from its own business, Champion pioneered, developed, and still leads an entire industry that would not exist at all largely but for Champion's efforts, and Pittsburgh's silence for 44 years thus amounted to an abandonment of whatever rights it may have had; and *third*, Pittsburgh's conduct amounted to more than inaction and delay, but to acquiescence in and encouragement of Champion's activities. All three elements are substantially supported by evidence in the record and thus must have been overcome by preponderant evidence to the contrary in order for the Court of Appeals' result to be correct. As already

---

demonstrated *infra*, pp. 24-30, the other findings were relevant to the issue and could not properly be ignored.

The Court of Appeals did not assert that any but one of the ten cited findings were legally irrelevant. See Slip Op. at 13, n.19 (App. at p. 12a). As to the other nine, insofar as it considered them, the court held that "as a matter of law . . . the evidence in this record does not support a finding of prejudice sufficient to support the laches determination." *Id.*

noted, Pittsburgh offered no evidence to disprove prejudice to Champion.

1. Champion built its business from nothing to a major corporation during the 44 years of Pittsburgh's silence.

The Court of Appeals does not dispute that Champion not only dramatically built up its own business from 1936 to 1980, but also "created, developed and expanded the imprinted soft-goods industry. . . ." Slip Op. at 13 (App. at p. 12a). This is the classic form of prejudice caused by long delay, and the Court of Appeals did not suggest otherwise. Slip Op. at 12-14 (App. at pp. 11a-12a). *See e.g. Carter-Wallace, Inc. v. Proctor & Gamble Company*, 434 F.2d 794 (9th Cir. 1970) (affirming the District Court's findings of fact and conclusions of law regarding laches); *Smith v. Sinclair Refining Co.*, 257 F.2d 328 (2d Cir. 1958) (defendant spent $31,600 on capital improvements); *Tracerlab, Inc. v. Industrial Nucleonics Corp.*, 204 F. Supp. 101 (D. Mass. 1962), *rev'd other grounds*, 313 F.2d 97 (1st Cir. 1963) (previously small company borrowed capital and built business of millions of dollars). Thus Champion's "position" is more than "rhetorically attractive," Slip Op. at 12-13 (App. at p. 12a), it is indisputably a correct statement of the law. In Judge Learned Hand's classic phrase, a plaintiff must assert his claims early, "lest they be made the means of reaping a harvest which others have sown." *Dwinell-Wright Co. v. White House Milk Co.*, 132 F.2d 822, 825 (2d Cir. 1943), quoted by Judge Friendly in *Polaroid Corp. v. Polarad Electronics Corp.*, 287 F.2d 492, 497-98 (2d Cir.), *cert. denied*, 368 U.S. 820 (1961).

Conceding all of this, the Court of Appeals contended that because it is Champion's business to make soft goods with the insignia of about 10,000 different schools and colleges, the reliance on any one school's inaction was not the basis for Champion's entire business, and the loss of any one school's insignia would not deprive Champion of its entire business. Slip Op. at 16-17 (App. at pp. 15a-16a).

Unfortunately, the Court of Appeals entirely misconceived Champion's position in the industry. First, it seems a bizarre statement to say that if only one university were silent, Champion would be free to use that university's insignia, but if all universities were silent, Champion could be prevented from using any university's insignia. It is in order to eliminate such a result that the law of reliance does not require that the reliance be on one cause alone in order to be recognized. In cases of fraudulent misrepresentation, for instance, it is plain that reliance on conduct of many does not preclude an action based on the conduct of one of those persons. *E.g.*, *United States Fidelity and Guaranty Co. v. Black*, 412 Mich. 99, 313 N.W.2d 77, 86-87 (1981); *Wennerholm v. Stanford University School of Medicine*, 20 Cal. 2d 713, 128 P.2d 522, 524 (1942) (citing case and treatise authority).

Logically, this rule must apply even more strongly when reliance is upon collective silence and inaction. The fact that no one in the industry, including the universities and schools themselves, took action or asserted claims against Champion until the last few years must be chargeable against each institution which would now seek to benefit from Champion's long-standing ability to produce a complete line of university goods.

It is that ability to present a "total line" that is the second basic way in which the Court of Appeals misconceived Champion's position in the industry. The insignia goods industry has become, over the decades, a strongly competitive business. One of Champion's hallmarks has been its capacity to take to a customer a "total line" of goods—presenting for the customer's selection an assembly that includes any insignia he might want. 529 F. Supp. at 467, 468, ¶¶ 12, 27, 29. The good will Champion has developed, and which the District Court expressly noted, *id.* at 468, ¶¶ 28, 30, is based in large part on its ability to present such a complete line. A gap in that line such as Pittsburgh seeks to create by this suit, damages Champion and its goodwill in more than a rhetorical sense. The loss of "Pitt's marks in particular" would be a loss

extending well "beyond existing inventory", Slip Op. at 18 (App. at p. 17a), to the loss of the completeness of its line of goods. When this loss is compounded by the prospect of others in Pittsburgh's position bringing similarly stale claims, the prejudice to Champion is extreme. It is that very prospect which requires that prolonged inaction by many must preclude claims by any of them just as absolutely as inaction by one precludes claims by that one.

2. Champion "created, developed and expanded" and still leads an entire industry that would not exist at all largely but for Champion's efforts.

The District Court found that "Champion has borne the risk of building the insignia soft goods business." 529 F. Supp. at 468, ¶ 25. In particular, the court found, Champion invented and patented the method by which mass production of insignia soft goods was first possible. *Id.* at 466, ¶ 8. In addition, the record shows, the Court of Appeals granted all of this, but argues that Champion's and indeed the entire industry's success is "a direct result of the efforts of Pitt to make its name widely known. . . . The entire impetus for the sale is the consumer's desire to identify with Pitt. . . ." Slip Op. at 14 (App. at p. 13a). It is not surprising that this assertion by the Court of Appeals includes no citation to the record, because the record contains not a shred of evidence to that effect. Indeed, in light of the substantial evidence to the contrary, the District Court expressly found that the "impetus" at issue here came from Champion, not from Pittsburgh. 529 F. Supp. at 469, ¶ 37.

The only support the Court of Appeals offered for its assertion was that "consumer demand [for Pittsburgh insignia soft goods] increased in direct proportion to Pitt's football fortunes." Slip Op. at 18 (App. at p. 16a). As noted *supra*, pp. 13-14, this assessment is incorrect. The popularity of Pittsburgh insignia goods grew steadily over the decades, as did insignia soft goods in general. The record is undisputed that Pittsburgh's football team enjoyed national preeminence in

and before the 1930s, and again in the 1950s and 1960s. The 1977 Sugar Bowl was not an emergence, but at most a resurgence.

This fact demonstrates that there is neither a logical nor a historical connection between Pittsburgh's football prowess and the popularity of Pittsburgh insignia soft goods. There is substantial support in the record, however, for the proposition expressly and inexplicably rejected by the Court of Appeals when it said that popularity of an insignia, achieved "for whatever reason," was "entirely unrelated to any effort by Champion." Slip Op. at 17 (App. at p. 16a). This assertion is not only not "beyond question," Slip Op. at 14 (App. at p. 13a), it is unsupported and unsupportable.

Champion initially made insignia soft goods practical on a large scale. Universities and sports teams have been popular for centuries, but the expression of that popularity by wearing an insignia on one's clothes is unique to this century. Indeed the popularity of such apparel as tee-shirts, with or without insignia, is a recent phenomenon—one for which the trial record here gives substantial credit to Champion. Pittsburgh can indeed take due credit for its large following and for that of its football team, but the evidence and the trial court's findings give Pittsburgh none of the credit for developing the fashion or public proclivity for expressing loyalty or affection for a university by emblazoning its casual wear with that university's insignia. It may be that "Champion can seize upon the popularity of anyone or anything," Slip Op. at 17 (App. at p. 16a), but where Champion bore the risk of creating that popularity, as with university insignia soft goods, no one wishing to claim against Champion should be allowed to wait 45 years before doing so. Thus Champion has done much more in the soft goods industry than "merely [to] package[ ] and exploit[ ]." Slip Op. at 18 (App. at p. 17a). The District Court's finding of laches must be upheld lest Pittsburgh reap a harvest where Champion has sown.

3. Pittsburgh's conduct constituted not only inaction and delay, but estoppel, consent and affirmative encouragement of Champion's activity.

Although the District Court did not in so many words find consent, encouragement, or estoppel in Pittsburgh's conduct, it did make findings of fact relevant to these issues:[19]

> "From about 1936 to 1960, Champion sold its soft goods bearing the Pitt insignia to the main University book store located on the Pitt campus. During that same period of time, Champion sold Pitt insignia software continuously to others not affiliated with Pitt.
>
> "In or about 1960, Pitt representatives told Mr. Friedland that soft goods, including Champion's products, would no longer be sold in the campus book store. Rather, the book store was restricting its sales to products directly tied to Pitt's educational program. This policy continued at least until 1970. Pitt now sells to the order of individual customers T-shirts that are 'decorated' through the application of 'heat transfers.'
>
> "Relying on Pitt's cessation of the sale of soft goods at the book store in 1960, Champion through Mr. Friedland, increased its efforts to find, and was successful in finding, new retailers, not affiliated with Pitt, in the Pittsburgh metropolitan area.
>
> "Champion has marketed its goods at trade shows sponsored by the National Association College Stores, which the Director of Pitt's book store attended."

529 F. Supp. at 467, 468, ¶¶ 15, 18, 19, 34.

---

19 There was additional support in the record. Given that support, and given the presumption of prejudice to Champion, the Court of Appeals was obligated not to reverse the lower court's finding of such prejudice. This is particularly so because the Court of Appeals' reversal on this point was based on speculation, not on the record.

Pittsburgh indisputably bought Pittsburgh insignia soft goods from Champion from 1936 to 1960, and again after about 1970. Pittsburgh does not claim to have instructed Champion not to sell elsewhere, and the District Court, as noted *supra*, p. 9, found that Pittsburgh knew of other sales. Nor does Pittsburgh allege assurances by Champion that it would not sell elsewhere. In such a context, it is clear that Pittsburgh's dealings with Champion constituted approval, consent, and encouragement of Champion's activities. *Borg-Warner Corp. v. York-Shipley, Inc.*, 127 U.S.P.Q. 42 (N.D. Ill. 1960), *mod. other grounds*, 293 F.2d 88 (7th Cir.), *cert. denied*, 368 U.S. 939 (1961) (where plaintiff occasionally bought from defendant over 25 years, and they had hundreds of dealings during that time, claim barred by gross laches, acquiescence, bad faith, unclean hands, and estoppel). "[I]f the parties are dealing with each other, or are in a continuing contractual relationship, the defendant has good reason to assume he has the plaintiff's consent." 4 R. Callman, *The Law of Unfair Competition, Trademarks and Monopolies*, 143 (3d ed. 1970). In addition to Pittsburgh's purchases from Champion, the trial court found that Pittsburgh officials attended national trade shows at which Champion displayed and marketed its goods. Attendance and failure to object under such circumstances must in equity be consent.

Pittsburgh's witnesses admitted that they had not thought of the Pittsburgh insignia as property, specifically trademarks, until about 1977. It is plain that "[a]n erroneous impression of one's legal rights is not a sufficient excuse for delay." 4 Callman, *supra*, 137. It is equally plain that such a prolonged absence of a claim of right is not mere inattention to rights, but instead "constitute[s] a virtual abandonment" of any rights. Slip Op. at 9 (App. at p. 8a).

Finally, the District Court explicitly found reliance by Champion on Pittsburgh's "cessation of the sale of goods at the [Pittsburgh] book store in 1960." 529 F. Supp. at 467, ¶ 19. Champion undertook in and after 1960 to replace the substantial business it lost by increasing its sales efforts elsewhere.

Even assuming that Pittsburgh had any right to stop sales by Champion before 1960, the cessation of Pittsburgh's sales, by posing the choice to Champion of a substantial loss of Pittsburgh area sales or the replacement of those sales by renewed efforts, constituted Pittsburgh's last clear chance to assert that right.

CONCLUSION

WHEREFORE, it is respectfully requested that this petition for certiorari be granted.

Dated: New York, New York
October 21, 1982

Respectfully submitted,

PAUL J. WEINER
BREED, ABBOTT & MORGAN
Citicorp Center
153 East 53rd Street
New York, New York 10022
(212) 888-0800

Counsel for the Petitioner, Champion Products Inc.

ADRIAN V. WHITE
CHARLES R. FRASER

Of Counsel

WILLIAM H. HAUSER
ANDERSON, MORELAND & BUSH
26th Floor, Centre City Tower
Pittsburgh, Pennsylvania 15222
(412) 471-3002

Of Counsel